



State of Utah

Department of
Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF AIR QUALITY
Richard W. Sprott
Director

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

DAQ-027-07

MEMORANDUM

TO: Air Quality Board

THROUGH: Richard W. Sprott, Executive Secretary

FROM: Glade Sowards, Energy Program Coordinator

DATE: March 19, 2007

SUBJECT: Propose for Public Comment: Repeal and Re-enact R307-121, General Requirements: Eligibility of Expenditures for Purchase of Vehicles that Use Cleaner Burning Fuels for Corporate and Individual Income Tax Credits.

One of the enabling statutes for the Clean Fuel Vehicle Tax Credit program was modified during the 2006 Legislative General Session. Utah State Code 59-10-127 was moved to 59-10-1009 and was amended to clarify that the tax credit is nonrefundable. DAQ staff reviewed R307-121 to determine whether changes were required as a result of the amendments to State Code and identified several instances where references to statute required modification. Upon further review of R307-121, it was also determined that the following additional changes are needed:

- Terms defined in the enabling statutes should not be redefined in the rules; such terms should be defined by reference to the definitions provided in statute;
- R307-121-3, Anti-Tampering Policy, is no longer required and should be removed;
- Proof of purchase requirements should be amended to require applicants to submit a copy of the current vehicle registration for each OEM or converted vehicle for which a tax credit is sought;
- Proof of purchase requirements for converted vehicles and special mobile equipment should include proof of the certification required in 59-10-1009(1)(b) or 59-7-605(1)(b);
- Certification requirements for conversion equipment are detailed in the enabling statutes; R307-121-7 and 8 are not currently used or required; and

- Acknowledgement of proof or purchase is addressed in statute; R307-121-9 is not required.

Because of the extent of the proposed changes, we recommend repealing the existing R307-121, and then re-enacting the rule with the new language that is shown in the attached proposed rule.

Staff Recommendation: Staff recommends that the repeal and re-enactment of R307-121 be proposed for public comment. A copy of the proposal is attached.